



# OCBC Bank ramps up ESG retail offerings

**OCBC BANK (MALAYSIA)** Bhd is ramping up its environmental, social and governance (ESG) investment offerings to ensure it stays ahead of the game as retail customers increasingly catch the wave of investing sustainably.

"We are offering even more products that take ESG into consideration and are ultimately aiming for 100% sustainable investments under our investment product recommendation by 2025," Anne Leh, its managing director & head of consumer financial services, tells *The Edge*.

This year alone, the bank has already rolled out 15 ESG-themed investment offerings for retail customers in the form of unit trusts and structured investments.

"With this, we have set a target of achieving RM5 billion in sustainable assets under management (AUM) for our retail banking segment by year-end," says Leh.

"Looking beyond 2021, we have also set a 2025 target of having at least 80% of our total AUM for consumer banking recognised as sustainable investments. I'm happy to say we are well on track, with more than half of our current investment AUM recognised as such today," she adds.

The bank's growing focus on ESG investments is warranted considering that, globally, demand for such investments has jumped since the Covid-19 pandemic broke out last year. According to industry tracker Morningstar, AUM for ESG funds rose 29% globally in 2020 to a record high of nearly US\$1.7 trillion.

OCBC Bank currently has 68 ESG funds. There are plans in the pipeline for several more ESG-based unit trusts to be rolled out for retail customers before the end of the year.

Last month, the bank sealed a fund distribution partnership with Maybank Asset Management Sdn Bhd (MAM), marking a major move in its journey towards expanding its ESG offerings. The partnership will enable OCBC Bank to access an even greater number of

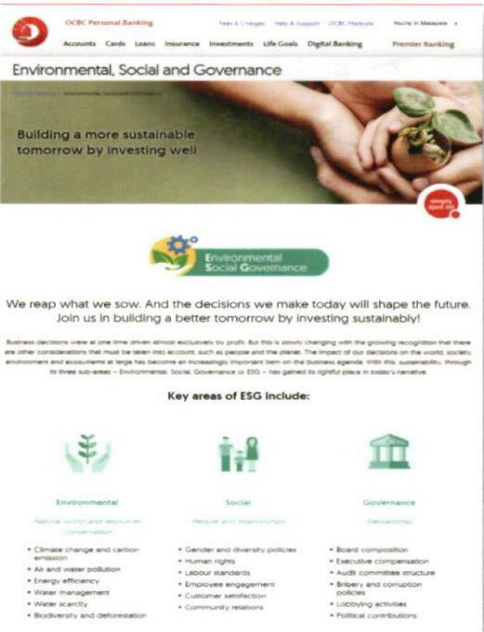
sustainable investment products for its retail customers.

"Through this partnership, we have also put together a unique scheme whereby a tree is planted for every investor of a sustainable unit trust product from MAM that is distributed by us," says Leh, adding that the trees will be planted along the lower end of the Kinabatangan River in Sabah.

The tree planting initiative, done in collaboration with Animal Projects & Environmental Education Sdn Bhd (APE Malaysia), is aimed at broadening the conversation on sustainability to generate awareness among investors on the ways to get involved in environmental-



**"The response from customers so far has been encouraging, especially as we've noted that 60% of our fund sales have been ESG funds and we remain poised to achieve the RM5 billion target for sustainable AUM by year-end."** – Leh



Given growing demand, OCBC Bank is focused on ensuring retail customers have access to a wide range of ESG-related investment products through its dedicated web page (above) at <http://www.ocbc.com.my/esg>.

and climate-related causes.

The partnership officially kicked off on Nov 15 with three of MAM's global unit trust funds as a start, namely Maybank Global Sustainable Equity-I Fund, Maybank Global Sustainable Technology Fund and Maybank Global Mixed Assets-I Fund, all of which will be distributed by OCBC Bank.

"We are hoping to have at least 5,000 sign-ups in the three months [following the partnership] so that we can plant 5,000 trees over a half-year period, based on APE Malaysia's current rate of 800 to 1,000 trees a month. In the longer term, we are looking well beyond the initial 5,000 sign-ups to embrace a wider cross section of society, that is, people who invest in other sustainable funds as well through us," Leh says.

According to Leh, the bank has been actively increasing ESG awareness among both its internal staff and customers. "While profit does matter, we want to encourage our customers to adopt a more holistic approach that incorporates socio-environmental



The bank's fund distribution partnership with MAM comes with a unique tree planting initiative.

values and responsible investing. We will continue with our long-term sustainable approach to do well by doing good."

OCBC Bank is guided by its group sustainable investment framework when it comes to advisory and investment product recommendations. It also works alongside independent ESG data research providers to ensure that its investment offerings are done appropriately and according to the latest agreed taxonomies and standards.

The bank, a subsidiary of Singapore's second-largest banking group by assets, Oversea-Chinese Banking Corp Ltd (OCBC Group), began its venture into the realm of ESG-related retail offerings in 2020.

It has been an interesting journey so far, says Leh.

According to her, the bank's strategy is to create an "informed and keenly aware" retail clientele who are familiar with the rudiments of sustainable investing. This is so that clients are able to invest in a manner that achieves the ideas of ESG.

The bank conducts talks on ESG investing and also promotes awareness via webinars as well as a dedicated retail-specific ESG page on its website.

"The response from customers so far has been encouraging, especially as we've noted that 60% of our fund sales have been ESG funds and we remain



Leh with OCBC Bank CEO Datuk Ong Eng Bin and OCBC AI-Amin Bank Bhd CEO Syed Abdullah Aziz Syed Kechik at the launch of the tree planting initiative.

poised to achieve the RM5 billion target for sustainable AUM by year-end. We started on our journey of ESG-themed investment offerings in 2020, and we have at least 50% of our existing investments already in ESG investing," she shares.

Recognising the importance of having employees who are well-versed and competent in the nuances of ESG investing, the bank has taken pains to train and upskill them.

"To ensure our customers receive best-in-class advice and services, the training and upskilling of our staff in

sustainable financing and investments remain an ongoing journey. In fact, we launched our latest series of ESG training in November for all our retail banking staff, not only the customer-facing ones. Yes, everyone needs to be equipped in order for us to embrace [this journey]," says Leh.

## GROWING SUSTAINABILITY-LINKED LOANS

The retail aspect of OCBC Bank's sustainability journey is part of the lender's overall integrated ESG strategy. This, in turn, is aligned with the OCBC Group's "S\$25 billion by 2025" strategy — which, in a nutshell, is a pledge to grow its sustainable finance portfolio to S\$25 billion by 2025.

OCBC Group had announced this target in June last year. Interestingly, its original target of S\$10 billion was surpassed in the first quarter of 2020 — two years ahead of its 2022 schedule.

As a group, OCBC has seen a significant increase in demand for sustainable financing in recent years, owing to better awareness and heightened efforts to combat climate change. Its key markets are Singapore, Malaysia, Indonesia and Greater China.

"The group has witnessed strong demand for green and sustainability-linked loans in recent times and has made good progress in the financing of renewable energy projects, especially following its announcement in April 2019 that it will no longer finance new coal-fired power plants," Leh highlights.

In 2019, the group participated in solar as well as onshore and offshore wind projects in Taiwan, China, the UK, Australia and Malaysia.

In September this year, OCBC Bank rolled out a solar panel financing plan for residential homes as part of its thrust to make sustainable practices accessible to consumers. The move comes at a time when global carbon footprints and greenhouse gas emissions remain uncomfortably high.

"We believe there are enough people out there who want to do the right thing but might not be sure how to go about it or are unable to come up with lump sums for payments. We would like to be an enabling catalyst that spurs good practices," Leh says of the bank's solar panel financing plan.